

Iowa Power Fund Board
Meeting Minutes April 9, 2008
Iowa Utilities Board Conference Room
350 Maple St
Des Moines, Iowa

Call to Order:

Fred Hubbell, Chair, called the meeting to order at 9:10 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred S. Hubbell, Chair	X		M J Dolan	2:30	
John Bilsten	X		Gregory Geoffroy	X	
Peter Hemken		X	Kent Henning	X	
Patricia Higby	X		Senator Hubert Houser	X	
Carrie LaSeur		X	Senator Roger Stewart	11:45	
Richard Leopold	X		Rep. Nathan Reichert		X
John Norris	X		Rep. Chuck Soderberg		X
Bill Northey	X		<i>Due Diligence Committee</i>	Present	Present
Lucy Norton	X		John Brighten Franklin Codel	X	
Mike Tramontina	Karen		Ted Crosbie Vern Gebhart		X
Thomas Wind, V-Chair	X		Curt Hunter Fred Hubbell		X
			Patricia Higby Roya Stanley	X	X

- OEI staff in attendance: Roya Stanley, Brian Crowe, Jennifer Wright, Bob Mulqueen, Sherry James, Michelle Bauer

Approval of Agenda:

Action: Mr. Norris moved, Mr. Bilsten seconded, to approve the agenda as printed. All members present voted “aye”.

Approval of Minutes:

Action: Mr. Bilsten moved, Mr. Wind seconded, to approve the March 12, 2008 Power Fund Board minutes with two amendments: page 3, last sentence of 8th paragraph, “Mr. Hubbell reported the Office of Energy Independence and the Power Fund Board will work together on developing the Energy Plan.”; and page 4, 7th paragraph, “.....the ground loops and geothermal heat pumps recognized as a renewable resource.” These changes will be made in the minutes before they are posted on the website as final minutes. All members present voted “aye”.

Chair's Remarks:

Chair Fred Hubbell reviewed the recent progress of the DDC and the preapplications. He reported there had been five meetings in 30 days to review the pre-applications and receive full application presentations. He encouraged the Board members to consider awarding some funding prior to the closing of the legislative session to send a positive message. The legislation regarding the Energy Bill is still pending. The Utility investors have new energy efficiency programs that will be presented to the Iowa Utility Board for approval. Mr. Hubbell suggested creating an Ad Hoc committee to discuss Energy Efficiency and Energy Education. The committee would then give recommendations to the Board of suggestions that the Power Fund Board should be considering for funding for energy efficiency and energy education. John Bilsten and Pat Higby volunteered to serve on the committee. There was discussion regarding having members on the Ad Hoc that are not current Power Fund Board members for additional input.

Director's Remarks:

Director Roya Stanley thanked the Due Diligence Committee and the Power Fund Board for the amazing timeframe of accomplishments. She presented a map prepared by the Department of Economic Development showing the geographic locations of the pre-applicants and full applicants for the first three months of 2008. Director Stanley reviewed the process following the full application presentations to the board. She reported there would likely be technical reviews on most applications. She also reviewed the breakdown of funding for the first 22 full applications for commercial/research and development/education and other. She also reminded the Board members of the \$25 million ready to be disbursed and the second \$25 million in standing appropriations available July 1st. There was discussion regarding how to address the full fiscal year of funding as to whether to invest a certain amount per quarter or hold throughout the year to award larger projects.

There was discussion regarding the process of the Board's decision for awarding to the full applications. It was determined the board members would vote following each presentation and decide if they wish to: 1.) send the project application to a negotiation team to allow further discussion; 2.) table to review at a later date to decide if still interested in the project; or 3.) no, not interested in the project. If the decision is made for a project to go to a negotiations team, it would still come back to the full board for final approval.

Public Comments:

There was no public comment.

Financial options for power fund applications

Julie Pottorff, Attorney General's office, gave a legal interpretation concerning any limitations that may restrict the ability of the Power Fund Board to enter into financial terms with applicants who are awarded money from the Power Fund. In summary, she reported that the board may not own stock in a corporation; the board may enter into agreements for stock warrants, as long as the stock warrants are not exercised while the Board owns the warrants; the Board may enter into agreements that provide for cash payment upon an initial public offering of common stock by an applicant; the Board may not incur secondary indebtedness by agreeing to act as a surety for the debts or liabilities of any applicant; the board may "acquire and retain every kind of property and every kind of investment which person of prudence, discretion, and intelligence acquire or retain for their own account" but may not acquire

futures or option contracts; interest or earnings that accrue on moneys in the Power fund are credited to the Power fund; and money appropriated to the Power fund does not revert to the General Fund at the end of each fiscal year.

She also reviewed whether any person or group doing technical review of Power fund applications must also adhere to agreements of confidentiality. Ms. Pottorff recommended the Board execute a confidentiality agreement with any reviewer that is provided materials by the Board. If the reviewer is a private entity, the Public Records Law would not apply and the board would be more concerned that the reviewer not discloses the documents to others either directly or inadvertently. If the reviewer is a public entity (such as a university official or employee) the Public Records law would apply to them and the Board would want to assure that any requests for copies are referred to the Board for response under chapter 22.

The Board cannot close the session to discuss the amount of funding for any particular project. In order to close, the Board must be discussing records that are, themselves, “required or authorized by state or federal law to be kept confidential.” The amount of funding for any particular project, standing alone, is not sufficient to justify closing a session under this provision.

There was discussion regarding repayable loans for the Power Fund currently going into the General Fund rather than the Power Fund.

Committee Reports:

Administrative Rules: There is no activity with the Administrative rules committee at this time. Bob Mulqueen, Project Director for OEI, reviewed recent legislative actions. He reviewed three legislative proposals of significance 1) Senate File 2422, which allows the Power Fund Board to use Power Fund money for technical reviews of applications, where necessary, provides for clarification of confidentiality of information contained in Power Fund applications, and requests an increase in the percentage of Power Fund money for administration and management of the OEI; 2) Senate File 2386, which establishes a two year energy building codes commission, provides that the OEI do a review of potential for renewable energy generation by 2025, and provides that the rural electric cooperatives and the municipal utilities work with the IUB on energy efficiency programs; 3) Senate File 517, which better defines “sustainable design”, gives the Building Code Commissioner new authority, and provides for the revival of the Energy Bank program at the DNR.

Due Diligence: Director Stanley, reviewed the attorney general’s interpretation of conflict of interest and reported that due diligence members had submitted appropriate paperwork if they needed to recuse themselves due to conflict of interest. She also reported the board members had reviewed the full applications and made a decision as to whether they needed to recuse themselves from the board’s decision.

Director Stanley reported there were six full applications to be presented to the Board fund board for their decision. {Please see Q & A and board comments at the end of the minutes.}

Cellencor, Inc. - reducing the energy and environmental costs of drying corn distillers grain (\$1,500,000) Action: Bilsten, yes, with discussion of royalties and/or additional commitment from partners; Leopold, yes; Wind, yes; Higby, yes; Tramontina, yes; Northey, yes; Norris, yes; Norton, yes; and Hubbell, yes. *Decision: yes, to negotiate.*

University of Northern Iowa – determining maximum sustainable production of biomass with mixture of prairie species. (\$612,300) Action: Bilsten, yes; Leopold, yes; Wind, yes; Higby, yes; Tramontina, table; Northey, yes, would like to see beyond burning, other valuable uses for this biomass; Norris, yes, need to be able to weigh the potential of project in other fuel sources and would like to suggest during negotiations to coordinate with ISU in research for use in other feedstock; Norton, table and Hubbell, yes. *Decision: yes, to negotiate.*

POET Project Liberty, LLC – POET Project Liberty. (\$20M) Action: Bilsten, yes to table, strongly urge negotiations committee that it not fund \$20 million; Leopold, no, table for economical and environmental reasons; Wind, no, table; Higby, yes, table, provided an outside tech review that answers the board's questions; Tramontina, no, table, we need to see more applications but would consider revisit; Norris, no, table, biggest concern is the large dollar amount, deserves some money but represents 20% of power fund; Norton, yes, table, have reservations about putting this much money in a single project, even though the dollar amount can be spread over a number of years; takes away from balance of Power Fund in other categories. *Decision: tabled, reevaluate in June or July.*

Iowa State University of Science and Technology – efficient, low cost, photovoltaic solar energy conversion. (\$1,623,580) Action: Norton, yes; Norris, yes; Tramontina, yes; Higby, yes to negotiate definitely for first two phases; Wind, yes; Leopold, yes and Bilsten, yes. *Decision: yes to negotiate.*

RENEW Energy Systems – mobile solid biomass briquette plant. (\$655,000) Action: Norton, yes, with more review including market and emissions; Norris, yes, to the degree it can help attract the USDA loan, but minimize the Power Fund investment; Northey, yes, with negotiation with IDED; Tramontina, yes and IDED wants to continue to work on this even before Power Fund decided on the total money; Higby, yes; Wind, yes; Leopold, yes even though business plan is thin and environmental impact is vague; Bilsten, yes, but don't want to reduce Power Fund money so much that they would lose other funding. *Decision: yes to negotiate.*

Green Plains Renewable Energy, Inc – Algae project. (\$2,315,407) Action: Norton, yes; Norris, yes; Northey, recuse; Tramontina, yes; Higby, yes; Wind, yes, Leopold, yes and Bilsten, yes. *Decision: yes to negotiate.*

The negotiating committees were assigned as follows:

Cellencor – Hubbell, Wind, Norton, Northey
Univ Northern Iowa – Hubbell, Leopold, Bilsten, Crosbie
Ia State University – Hubbell, Wind, Gebhart
RENEW – Hubbell, Tramontina, Norris
Green Plains – Hubbell, Norton, Codel
POET – continue to interact and have dialog – Hubbell, Stanley and Codel

Education Energy Efficiency Ad Hoc Committee: Pat Higby, chair; John Bilsten, John Norris, Bill Northey and Fred Hubbell

Planning Committee: Tom Wind, planning committee chair, reported the planning committee continues to meet and distributed a draft Request for Proposal (RFP) as prepared by Tommi Makila. Tommi explained that the main purpose for the RFP was to hire a contractor to provide analysis to help develop the Iowa energy Independence Plan. The Plan would help solidify Iowa's short-term and long-term goals and strategies toward achieving energy independence and significant long-term greenhouse gas emissions reductions.

Tommi reviewed the scope of work and timelines as well as the format for submittal.

Action: John Bilsten moved, Mike Tramontina seconded, to finalize the RFP and post for submittals. All members present voted "aye".

Application Committee: There was discussion regarding scheduling an application committee meeting to review the current applications. Staff will develop a Frequently Asked Questions (FAQ) document to be posted on the webpage to assist consumers in completing the application. The committee will review regular questions and concerns and make suggestions to the staff for some revisions to the applications. It was also suggested that a guideline be created to suggest targets for the different projects. There was discussion regarding the application being on the webpage for completion electronically once the website becomes a static site to be managed in-house.

Public Comments:

There were no comments from the public.

Other Business:

Chair Hubbell reminded the Board that per Administrative Rules there will be an annual election of chair and vice-chair at the May 14 Power Fund Board meeting.

Adjournment:

There being no further business to discuss at this time, the meeting adjourned at 5:10 P.M. The next Power Fund Board meeting will be held on Wednesday, May 14 at 9:00 AM with the location to be determined.

Fred Hubbell, Board Chair

Sherry James, Recording Secretary